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LISA D. NORDSTROM
Lead Counsel
lnordstrom@idahopower.com

April 8, 2015

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. IPC-E-15-13
J. R. Simplot Company (Caldwell Facility) – Idaho Power Company's
Application

Dear Ms. Jewell:

Enclosed for filing in the above matter please find an original and seven (7)
copies of Idaho Power Company's Application.

Very truly yours,



Lisa D. Nordstrom

LDN:csb
Enclosures

LISA D. NORDSTROM (ISB No. 5733)
Idaho Power Company
1221 West Idaho Street (83702)
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Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S APPLICATION FOR)	CASE NO. IPC-E-15-13
APPROVAL OF SPECIAL CONTRACT AND)	
TARIFF SCHEDULE 32 TO PROVIDE)	APPLICATION
ELECTRIC SERVICE TO J. R. SIMPLOT)	
COMPANY'S CALDWELL FACILITY.)	
)	

Idaho Power Company ("Idaho Power" or "Company"), in accordance with RP 52 and *Idaho Code* §§ 61-502 and 61-503, hereby requests that the Idaho Public Utilities Commission ("Commission") issue an order approving the special contract ("Caldwell Special Contract") for electric service between Idaho Power and the J. R. Simplot Company ("Simplot") for Simplot's new Caldwell facility dated April 8, 2015, and rates proposed in tariff Schedule 32.¹ Idaho Power is requesting a final order in this case and Schedule 32 effective on or before June 1, 2015, with service under Schedule 32 applicable the first day of the month in the first month in which the aggregate power

¹ The proposed Schedule 32 for the new Caldwell facility replaces the prior Schedule 32, which had been assigned to the special contract serving the now defunct Hoku Materials, Inc.

requirement at the new Caldwell facility exceeds 20,000 kilowatts ("kW"). Idaho Power's Application is based on the following:

I. BACKGROUND

1. Idaho Power's Schedule 19, Large Power Service, requires customers with an aggregate power requirement receiving service at one or more points of delivery on the same premises that exceeds 20,000 kW "to make special contract arrangements with the Company."²

2. Currently, Idaho Power and Simplot have a special contract for Simplot's Don Plant located in Pocatello, Idaho ("Don Plant Special Contract"), which enables Simplot to use in excess of 20,000 kW at that location, in accordance with the terms set forth in the Don Plant Special Contract.³ In addition to the Don Plant, Simplot owns a facility in Caldwell, Idaho, that currently takes electric service under Schedule 19. Because its operations at the Caldwell facility have recently expanded,⁴ Simplot anticipates this facility may require an electric demand in excess of 20,000 kW as early as the summer of 2015.

3. On December 4, 2013, Idaho Power filed an application in Case No. IPC-E-13-23 requesting approval of a special contract with Simplot for the new Caldwell facility. Prior to filing the application in that case, Idaho Power and Simplot had not come to agreement on all terms of the proposed contract, reaching an impasse on certain provisions regarding limitations of liability. Consequently, the application in

² See I.P.U.C. No. 29, Tariff No. 101, Schedule 19.

³ The Don Plant Special Contract was approved by the Commission in Case No. IPC-E-04-17, Order No. 29576 (September 2, 2004).

⁴ It is the Company's understanding that the new Caldwell facility replaced the existing Caldwell facility and that Simplot plans to consolidate the activities of the Nampa and Aberdeen facilities at the new Caldwell location.

Case No. IPC-E-13-23 requested approval of the agreed-upon provisions of the contract, and a Commission determination regarding the liability provisions in question. Further, through comments filed in that case, it became apparent that Idaho Power and Simplot disagreed with respect to the appropriate pricing methodology to be used for setting rates for the new Caldwell facility. After Simplot, Idaho Power, and Commission Staff filed comments on March 28, 2014, and reply comments on April 11, 2014, the Commission issued Final Order No. 33038 on May 19, 2014, and Reconsideration Order No. 33071 on July 7, 2014, resolving the issue of limited liability⁵ and providing guidance with respect to the appropriate methodology to be utilized for the determination of special contract rates.

4. Following the resolution of Case No. IPC-E-13-23 and commissioning of Simplot's new Caldwell facility, Idaho Power and Simplot have agreed to the special contract set forth in the concurrently filed Attachment 1. Attachment 2 to this Application is the proposed tariff, Schedule 32, which shows the billing components and rates associated with the Caldwell Special Contract. Service under Schedule 32 would be applicable beginning the first day of the month in the first month that the aggregate power requirement at the new Caldwell facility exceeds 20,000 kW. Simplot will additionally be subject to rates set forth in tariff Schedules 55 (Power Cost Adjustment), 91 (Energy Efficiency Rider), and 95 (Adjustment for Municipal Franchise Fees).

5. The Commission has broad authority to regulate and fix the rates and charges assessed by Idaho Power. *Idaho Code* §§ 61-502, 61-503. For rate setting purposes, "each special contract customer is considered a separate class with different conditions and contract terms affecting their rates" Order No. 33038 at 11.

⁵ The limitation of liability language approved by Order No. 33071 in Case No. IPC-E-13-23 is found in Section 11 of the Caldwell Special Contract.

Differentiation between classes of customers is permissible when it is based on cost of service, quantity of electricity used, differences in conditions of service, or the time, nature, and pattern of the customers' use.⁶

II. SPECIAL CONTRACT TERMS

6. Services Provided. In Section 4 of the Caldwell Special Contract, Idaho Power agrees to furnish Simplot's total requirements for electric service and energy delivered via four 12.5 kilovolt distribution feeders to the Caldwell facility. Idaho Power will supply three-phase, 60 hertz ("Hz") alternating current at nominal 12,500 volts, with a maximum steady state variation of plus or minus 5 percent under normal system conditions. Consistent with Prudent Electrical Practices,⁷ Idaho Power will operate within the capability of its existing system to minimize voltage level fluctuations, the normal frequency variation to be within plus or minus 0.05 Hz on a 60 Hz base.

7. Contract Demand. According to Section 5 of the Caldwell Special Contract, Idaho Power agrees to initially provide the Caldwell facility 25,000 kW of Contract Demand⁸ up to a Total Maximum Contract Demand⁹ of 50,000 kW. Simplot may change (increase or decrease) the Contract Demand in the amounts and time

⁶ *Building Contractors Association of Southwestern Idaho, Inc. v. Idaho Public Utilities Comm'n*, 128 Idaho 534, 539, 916 P.2d 1259, 1264 (1996); *Agricultural Products Corp. v. Utah Power & Light Co.*, 98 Idaho 23, 557 P.2d 617 (1976); and *Idaho State Homebuilders v. Washington Water Power*, 107 Idaho 415, 420, 690 P.2d 350, 355 (1984).

⁷ As defined in Section 1.10 of Attachment 1: "Prudent Electrical Practices" shall mean those practices, methods, and equipment that are commonly and ordinarily used in electrical engineering and utility operation to operate electrical equipment and deliver electric power and energy with safety, dependability, efficiency, and economy.

⁸ As defined in Section 1.3 of Attachment 1: "Contract Demand" shall mean the monthly schedule of kW Idaho Power has agreed to make available to the [new Caldwell facility] in accordance with [the Caldwell Special Contract]. The Contract Demand may vary pursuant to Section 5 [of the Caldwell Special Contract].

⁹ As defined in Section 1.14 of Attachment 1: "Total Maximum Contract Demand" shall mean the upper limit of 50,000 kW of monthly contract demand Idaho Power will make available to the [new Caldwell facility].

periods set out in Section 5 with written notice to Idaho Power. The minimum monthly Billing Demand¹⁰ will be the Contract Demand less 10,000 kW. In the event Simplot's Billing Demand exceeds the established Contract Demand, Idaho Power does not guarantee or warrant the availability of Excess Demand¹¹ and may curtail service to the Caldwell facility at Idaho Power's sole discretion. In the event Idaho Power makes power available to satisfy Excess Demand, the costs charged to Simplot for such Excess Demand will be subject to the Daily Excess Demand Charge specified in the then-current Schedule 32.

8. Rates and Charges. Idaho Power must account for a number of factors when determining rates for new special contract customers, such as the impact of the load on its system and the operational conditions that exist at the time of application. Idaho Power determines rates for new special contract customers on a case-by-case basis, taking into account the unique circumstances that exist when each contract is developed.

9. With respect to the Caldwell Special Contract, Idaho Power evaluated the unique circumstances of the new facility to determine the appropriate rate methodology and pricing structure. Through this evaluation, Idaho Power determined that the circumstances surrounding the new Caldwell facility warranted fully-embedded, cost-based pricing according to the Company's most recently reviewed class cost-of-service study ("2011 Study") from Case No. IPC-E-11-08 ("2011 Rate Case"). This

¹⁰ As defined in Section 1.1 of Attachment 1: "Billing Demand" shall mean the kW supplied to the [new Caldwell facility] during the coincident 15-consecutive-minute period of maximum use during the monthly billing period, adjusted for power factor, as measured by Idaho Power's metering equipment located at the [new Caldwell facility].

¹¹ As defined in Section 1.5 of Attachment 1: "Excess Demand" shall mean Billing Demand in excess of the Contract Demand.

determination was based on the fact that the new Caldwell facility is intended to replace three existing facilities (Aberdeen, Nampa, and Caldwell), and therefore does not represent a true incremental load, but rather the consolidation of existing load currently subject to fully-embedded rates. Although the estimated load at the new Caldwell facility is greater than the combined load of the three facilities slated for consolidation, the level of incremental load above the combined load of these three operations is estimated to be less than 5,000 kW. Based upon these unique circumstances, the Company developed the rates and charges for the Caldwell Special Contract to reflect the full embedded cost of providing electrical service to the new Caldwell facility.

10. To calculate the Caldwell Special Contract rates, Idaho Power applied the most current cost-of-service information available to projected electrical requirements provided by Simplot. The foundation for these calculations was the 2011 Study reviewed in the 2011 Rate Case, reflecting the final revenue requirement approved in the 2011 Rate Case. At a high level, the 2011 Study was modified to reflect the removal of the three Simplot Schedule 19 locations that the new Caldwell facility is intended to replace and the addition of the new Caldwell facility as an individual rate class. Costs were then allocated to the new Caldwell facility according to projected loads and the Company's methodology from the 2011 Study.

11. Once revenue requirement from the 2011 Rate Case had been appropriately allocated to the Caldwell Special Contract, rates were adjusted to reflect changes that have occurred since the conclusion of the 2011 Rate Case. Specifically, the Company adjusted the special contract tariff to capture base rate changes resulting from Commission orders related to the Open Access Transmission Tariff ("OATT")

deferral adjustment,¹² the depreciation study adjustment,¹³ the Boardman balancing account adjustment,¹⁴ the Langley Gulch power plant adjustment,¹⁵ and, most recently, the update to base net power supply expenses effective June 1, 2014.¹⁶ To appropriately reflect the outcomes of these cases, Idaho Power adjusted the Caldwell Special Contract rates in the same manner as the final approved rate changes from those cases.¹⁷

12. The rates resulting from the calculations described above are reasonable, consistent with previous cost-of-service determinations, and in the public interest. Further, the use of the 2011 Study as the basis for this analysis is in alignment with the Commission's direction provided in Case No. IPC-E-13-23.¹⁸ The intent of this rate-setting methodology was to develop the customer-specific cost of providing electrical service to the new Caldwell facility utilizing the most current cost-of-service information available. Because the new Caldwell facility primarily reflects the consolidation of existing load rather than the addition of entirely new load, the fully-embedded cost-based rates appropriately recover the cost of providing electrical service to the new

¹² Case No. IPC-E-12-06, Order No. 32540 (April 27, 2012).

¹³ Case No. IPC-E-12-08, Order No. 32559 (May 31, 2012).

¹⁴ Case No. IPC-E-12-09, Order No. 32549 (May 17, 2012).

¹⁵ Case No. IPC-E-12-14, Order No. 32585 (June 29, 2012).

¹⁶ Case No. IPC-E-14-05, Order No. 33049 (May 30, 2014).

¹⁷ For example, the OATT deferral adjustment was applied to all classes on a uniform cents-per-kilowatt-hour ("kWh") basis; therefore, cents-per-kWh rates for the Caldwell Special Contract were adjusted using the same cents-per-kWh adder approved in Case No. IPC-E-12-06.

¹⁸ Case No. IPC-E-13-23, Order No. 33038 at 12 (May 19, 2014), ". . . we find that a rate utilizing cost-of-service as a starting point for negotiation is consistent with prior Commission Orders and is fair, just and reasonable."

Caldwell facility, and limit the potential undue impact of upward rate pressure on the Company's other customer classes.

13. As described above, the rates and charges for electrical power, energy, and other services provided by Idaho Power to the new Caldwell facility will be identified by billing component in the then-current Schedule 32. Simplot agrees to pay Idaho Power the sum of the billing components identified on the then-current Schedule 32 for Idaho Power to provide electric service to the new Caldwell facility.

14. Power Factor. During the first 12-month period after service under Schedule 32 is applicable, when the new Caldwell facility's adjusted power factor is less than 90 percent as measured by Idaho Power, Idaho Power will adjust the Billing Demand by the process outlined in Section 7.2 of Attachment 1. After this period, when the new Caldwell facility's adjusted power factor is less than 95 percent as measured by Idaho Power, Idaho Power will adjust the Billing Demand by the process outlined in Section 7.2 of Attachment 1.

15. Termination. As set forth in Section 3 of Attachment 1, Simplot and Idaho Power have the right to terminate the Caldwell Special Contract for convenience and without cause by delivering advance written notice of termination of 12 months or 18 months, respectively to the other party. Simplot will reimburse Idaho Power for Idaho Power's costs associated with the termination of the Caldwell Special Contract, which are limited to the net book value (original cost less depreciation) of the Interconnection Facilities¹⁹ paid for by Idaho Power plus the cost of the removal and transport to storage of surplus Interconnection Facilities, if any, less a credit, for any residual value of the

¹⁹ As defined in Section 1.6 of Attachment 1: "Interconnection Facilities" are reasonably required by Prudent Electrical Practices and the National Electric Safety Code to interconnect and deliver electrical power and energy to the Point of Delivery at the [new Caldwell facility], including, but not limited to, transmission facilities, substation facilities, and metering equipment.

surplus Interconnection Facilities. Termination Charges²⁰ will not be assessed for investment costs of Interconnection Facilities paid for by Simplot. Idaho Power shall deduct from the Termination Charges any credits due and owing to Simplot under the terms of the Caldwell Special Contract.

16. Commission Jurisdiction. Simplot and Idaho Power agree in Section 13 of Attachment 1 that the Caldwell Special Contract and the rates set forth therein and in Schedule 32 are subject to the jurisdiction and regulatory authority of the Commission and subject to the same ratemaking standards applicable to Idaho Power intrastate tariff rates.

17. Effective Date. Per Section 13 of Attachment 1, the Caldwell Special Contract is subject to the approval by the Commission of all terms and provisions hereof without change or condition. Idaho Power requests that the Commission approve the Caldwell Special Contract and Schedule 32 effective on or before June 1, 2015, with service under Schedule 32 applicable the first day of the month in the first month in which the aggregate power requirement at the new Caldwell facility exceeds 20,000 kW. Because Simplot is uncertain as to the month in which it will first exceed an aggregate power requirement of 20,000 kW, the flexible "Applicability" section of Schedule 32 will allow the new Caldwell facility to remain on Schedule 19 until it is no longer eligible for service under that schedule.

III. MODIFIED PROCEDURE

18. Idaho Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed

²⁰ As defined in Section 3.2 of Attachment 1: "Termination Charges" are costs associated with the termination of [the Caldwell Special Contract].

under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201, *et seq.*

IV. COMMUNICATIONS AND SERVICE OF PLEADINGS

19. Communications and service of pleadings with reference to this Application should be sent to the following:

Lisa D. Nordstrom
Regulatory Dockets
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
lnordstrom@idahopower.com
dockets@idahopower.com

Michael Youngblood
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
myoungblood@idahopower.com

V. CONCLUSION

20. The rates included in Attachment 2 reflect the cost of providing service to the new Caldwell facility according to the most current cost information available. These rates will appropriately recover the cost of providing service to the new Caldwell facility, while limiting the potential for cost shifting between the Caldwell Special Contract and the Company's other customer classes. These rates are reasonable, consistent with past cost-of-service determinations, and in the public interest.

THEREFORE, Idaho Power respectfully requests that the Commission issue its Order effective on or before June 1, 2015, (1) approving the Caldwell Special Contract attached as Attachment 1 and (2) approving the rates and charges set out in Schedule 32 attached as Attachment 2 without change or condition.

DATED at Boise, Idaho, this 8th day of April 2015.



LISA D. NORDSTROM
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 8th day of April 2015 I served a true and correct copy of the within and foregoing APPLICATION upon the following named parties by the method indicated below, and addressed to the following:

J. R. Simplot Company

Peter J. Richardson
Gregory M. Adams
RICHARDSON ADAMS, PLLC
515 North 27th Street (83702)
P.O. Box 7218
Boise, Idaho 83707

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email peter@richardsonadams.com
greg@richardsonadams.com

Don E. Sturtevant
Director, Energy Purchasing
J. R. Simplot Company
P.O. Box 27
Boise, Idaho 83707-0027

☐ Hand Delivered
☒ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email don.sturtevant@simplot.com


Christa Beary, Legal Assistant

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-15-13

IDAHO POWER COMPANY

ATTACHMENT 1
CALDWELL SPECIAL CONTRACT

SPECIAL CONTRACT FOR ELECTRIC SERVICE
BETWEEN
IDAHO POWER COMPANY
AND
SIMPLOT (CALDWELL, IDAHO)

THIS AGREEMENT FOR ELECTRIC SERVICE ("Agreement") is entered into by J.R. Simplot Company, a Nevada Corporation ("Simplot") and Idaho Power Company, an Idaho Corporation ("Idaho Power") and is dated April 8, 2015. The undersigned may also be referred to individually as a "Party" or collectively as the "Parties." In consideration of the mutual covenants hereinafter set forth, the Parties hereby agree as follows:

SECTION 1 — DEFINITIONS

1.1. "Billing Demand" shall mean the kilowatts supplied to the Simplot Facility during the coincident 15-consecutive-minute period of maximum use during the monthly billing period, adjusted for power factor, as measured by Idaho Power's metering equipment located at the Simplot Facility.

1.2. "Commission" shall mean the Idaho Public Utilities Commission or its successor agency.

1.3. "Contract Demand" shall mean the monthly schedule of kilowatts Idaho Power has agreed to make available to the Simplot Facility in accordance with this Agreement. The Contract Demand may vary pursuant to Section 5.

1.4. "Construction Agreement" shall have the meaning set forth in Section 6.

1.5. "Excess Demand" shall mean Billing Demand in excess of the Contract Demand.

1.6. "Interconnection Facilities" shall mean all facilities that are reasonably required by Prudent Electrical Practices and the National Electric Safety Code to interconnect and deliver electrical power and energy to the Point of Delivery at the Simplot Facility, including, but not limited to, transmission facilities, substation facilities and metering equipment.

1.7. "Minimum Monthly Billing Demand" shall have the meaning set forth in paragraph 5.2.3.

1.8. "Notice" as used in this agreement shall mean written notice delivered to the other Party by a recognized commercial courier, addressed as set forth below. Such notice will be deemed given as of the date of receipt.

1.8.1. To Idaho Power:

Idaho Power Company
ATTN: Vice President of Regulatory Affairs
P.O. Box 70
Boise, Idaho 83707

1.8.2. To Simplot:

J.R. Simplot Company
ATTN: Director, Energy
P.O. Box 27
Boise, Idaho 83702

1.9. "Point of Delivery" shall mean the location(s) specified in paragraph 4.2 where the electrical facilities owned by Simplot are interconnected to the electrical facilities owned by Idaho Power and where power and energy are delivered by Idaho Power for the purpose of providing electrical service for the operations of the Simplot Facility.

1.10. "Prudent Electrical Practices" shall mean those practices, methods, and equipment that are commonly and ordinarily used in electrical engineering and utility operation to operate electrical equipment and deliver electric power and energy with safety, dependability, efficiency and economy.

1.11. "Schedule 32" shall mean the Simplot Facility tariff schedule of rates and charges or its successor schedules approved by the Commission. Service under Schedule 32 is applicable beginning the first day of the month in the first month that the aggregate power requirement at one or more Points of Delivery at the Simplot Facility exceeds 20,000 kW.

1.12. "Simplot Facility" shall mean the Simplot manufacturing complex located near or at 16551 Simplot Boulevard, Caldwell, Idaho.

1.13. "Termination Charges" shall have the meaning set forth in Section 3.2.

1.14. "Total Maximum Contract Demand" shall mean the upper limit of 50,000 kilowatts of monthly contract demand Idaho Power will make available to the Simplot Facility pursuant to this Agreement.

SECTION 2 — TERM OF AGREEMENT

This Agreement shall remain in effect until either Simplot or Idaho Power terminates this Agreement as provided in Section 3.

SECTION 3 — TERMINATION

3.1. Notice of Termination by Simplot. Simplot shall have the right to terminate this Agreement for its convenience and without cause by delivering twelve (12) months advance written Notice of termination to Idaho Power. The Notice of termination

shall set forth the effective date of termination, which shall be no earlier than twelve (12) months after Simplot delivers the written Notice of termination.

3.2. Termination Charges. Simplot shall reimburse Idaho Power for Idaho Power's costs associated with the termination of this Agreement ("Termination Charges"). Termination Charges shall be limited to the net book value (original cost less depreciation) of the Interconnection Facilities paid for by Idaho Power plus the cost of the removal and transport to storage of surplus Interconnection Facilities, if any, less a credit, for any residual value of the surplus Interconnection Facilities. Termination Charges will not be assessed for investment costs of Interconnection Facilities paid for by Simplot. Idaho Power shall deduct from the Termination Charges any credits due and owing to Simplot under the terms of this Agreement. Nothing in this paragraph 3.2 shall prevent either Party from asserting any rights or claims under this Agreement or otherwise. Subsequent to giving or receiving a termination Notice as described in paragraph 3.1, Idaho Power will invoice Simplot for any Termination Charges known at that time. Termination Charges shall be due and payable within fifteen (15) calendar days of Simplot's receipt of the invoice.

3.3. Notice of Termination by Idaho Power. Idaho Power shall have the right to terminate this Agreement and negotiate a new agreement for its convenience and without cause by delivering eighteen (18) months advance written Notice to Simplot. The Notice shall set forth the effective date of termination of the Agreement, which shall be no earlier than eighteen (18) months after Idaho Power delivers the written Notice. Any new agreement negotiated and agreed to by the Parties shall be subject to final approval by the Idaho Public Utilities Commission.

SECTION 4 — SERVICES TO BE PROVIDED

4.1. Supply Obligation. In accordance with Prudent Electrical Practices and subject to the provisions of this Agreement, Idaho Power will furnish Simplot's total requirements for electric power and energy at the Simplot Facility. Before Idaho Power commences electric service and as an ongoing condition of service, Simplot's loads must satisfy the harmonic control requirements set forth in Idaho Power's Rule K approved by the Commission and the current Institute of Electrical and Electronic Engineers (IEEE) Standard 519. Simplot will not resell any portion of the power and energy furnished under this Agreement.

4.2. Point of Delivery. Electric power and energy shall be delivered by Idaho Power via four 12.5 kilovolt distribution feeders to each point generally described as the X-1 disconnect switch(es) at the Simplot Facility.

4.3. Description of Electric Service. Idaho Power shall supply three-phase, 60 HZ alternating current at nominal 12,500 volts, with a maximum steady state variation of plus or minus five percent (5%) under normal system conditions. Consistent with Prudent Electrical Practices, Idaho Power will operate within the capability of its existing system to minimize voltage level fluctuations, the normal frequency variation to be within plus or minus 0.05 HZ on a 60 HZ base. Idaho Power's maximum steady state variation of plus or minus five percent (5%) and the voltage level fluctuations may vary in the event of abnormal system conditions.

SECTION 5 — CONTRACT DEMAND

5.1. Contract Demand. Idaho Power agrees to initially provide the Simplot Facility 25,000 kilowatts of Contract Demand.

5.2. Changes to Contract Demand. Under no circumstances will Simplot be allowed to increase the Contract Demand above the Total Maximum Contract Demand of 50,000 kilowatts.

5.2.1. Changes during the first twelve (12) months after service under Schedule 32 is applicable. During this period, to facilitate actual production and energy consumption history, Simplot will be able to change (increase or decrease) the contract demand by 1,000 kilowatts per month with 30 days written notice and up 5,000 kilowatts (+/-) per month with three (3) months written notice up to a total increase of 10,000 kilowatts during the first year. Increases beyond 10,000 kilowatts during the first year may be possible, but Simplot must notify and Idaho Power must agree to these additional increases.

5.2.2. Changes After the First Twelve (12) Months.

a. Increases to Contract Demand. Under the terms of this Agreement, Simplot may increase the Contract Demand above the 25,000 kilowatts of Contract Demand, in even increments of 1,000 kilowatts. If the increase in Contract Demand is between 1,000 kilowatts and 10,000 kilowatts, Simplot shall provide Notice to Idaho Power of its desire to increase its Contract Demand at least six (6) months in advance of the first day of the month it desires the additional capacity to be made available. If the increase in Contract Demand is greater than 10,000 kilowatts, Simplot shall provide Notice to Idaho Power of its desire to increase its Contract Demand at least twelve (12) months in advance of the first day of the month it desires the additional capacity to be made available. The new Contract Demand will not be decreased for a minimum of six (6) months. Simplot shall not increase its Contract Demand more than 15,000 kilowatts in any twelve (12) month period.

b. Decreases to Contract Demand. Simplot may decrease the Contract Demand in even increments of 1,000 kilowatts. Simplot will provide Idaho Power Notice of Simplot's desires to decrease its Contract Demand at least three (3) months in advance of the first day of the month in which Simplot desires its decreased Contract Demand to be effective. Simplot cannot decrease its Contract Demand more than 15,000 kilowatts in any twelve (12) month period.

5.2.3. Minimum Monthly Billing Demand. The minimum monthly billing demand will be the Contract Demand less 10,000 kilowatts.

5.2.4. Excess Demand. Idaho Power does not guarantee or warrant the availability of Excess Demand. If there is Excess Demand at the Simplot Facility, Idaho Power may curtail service to the Simplot Facility at Idaho Power's sole discretion. Idaho Power reserves the right to install, at any time at Idaho Power's sole discretion and at Simplot's expense, any device necessary to protect Idaho Power's system from damage that may be caused by Excess Demand pursuant to prudent electrical practices as described in paragraph 1.10 above. Simplot will be responsible for any costs or damages related to Idaho Power's system, or any costs or damages related to third parties resulting from Excess Demand. Simplot agrees to use its best reasonable efforts to monitor its electric loads and to advise Idaho Power as soon as possible of the

potential for Excess Demand. In the event Idaho Power decides, in its sole discretion, to make power available to satisfy Excess Demand, the costs charged to Simplot for such Excess Demand will be subject to the Daily Excess Demand Charge specified in the then-current Schedule 32.

SECTION 6 — FACILITIES FOR DELIVERY TO SIMPLOT FACILITY

6.1. Facilities. The Parties acknowledge that they have separately entered into the Agreement for the Construction of the Simplot Transformer Addition and Associated Facilities ("Construction Agreement"), pursuant to which Simplot has paid Idaho Power to construct the Interconnection Facilities necessary to provide up to the Total Maximum Contract Demand under this Agreement. In the event that additional transmission and/or substation Interconnection Facilities are required to provide service pursuant to Section 5.2.1(a) above, Idaho Power may require Simplot to enter into a separate agreement that will require Simplot to pay the costs for such additions if necessary to provide the service.

6.2. Operation and Maintenance. Idaho Power will operate and maintain Interconnection Facilities necessary to provide service to the Simplot Facility. Such Interconnection Facilities include Interconnection Facilities paid for by Simplot, including those paid for by Simplot pursuant to the Construction Agreement. Idaho Power shall operate and maintain such Interconnection Facilities in accordance with Prudent Electrical Practices.

SECTION 7 — CHARGES TO BE PAID BY SIMPLOT TO IDAHO POWER

7.1. Rates and Charges. The rates and charges for electrical power, energy, and other service provided by Idaho Power to the Simplot Facility will be identified by component in the then-current Schedule 32. Simplot shall pay Idaho Power the sum of the components identified on the then-current Schedule 32 for Idaho Power to provide electric service to the Simplot Facility

7.2. Power Factor. During the first twelve-month period after service under Schedule 32 is applicable, when the Simplot Facility's adjusted power factor is less than 90 percent during the 15-consecutive-minute period of maximum use for the monthly billing period as measured by Idaho Power, Idaho Power will adjust the Billing Demand by multiplying the metered demand in kilowatts by 0.90 and dividing that product by the adjusted power factor. After this period, when the Simplot Facility's adjusted power factor is less than 95 percent during the 15-consecutive-minute period of maximum use for the monthly billing period as measured by Idaho Power, Idaho Power will adjust the Billing Demand by multiplying the metered demand in kilowatts by 0.95 and dividing that product by the adjusted power factor. The reactive component of the adjusted power factor is comprised of the reactive load plus the 138/12.5 kV transformer reactive losses reduced by the amount of reactive correction paid for by Simplot.

7.3. Billing and Metering Provisions. Billing Demand at the Simplot Facility shall be determined on a 15-minute coincidental basis as measured by Idaho Power and shall be paid by Simplot accordingly. Idaho Power will install suitable metering equipment so that coincident Billing Demand and energy consumption can be determined for the billing period. Idaho Power shall make 15-minute interval period energy use data available to Simplot for data and billing analysis purposes. Data can

be provided by pulse output at the metering location in the substation and/or as an electronic file at the time of billing. Simplot would be responsible for the installation and maintenance associated with retrieving the meter pulse output and transmitting it from the substation to their end use location. Idaho Power will allow Simplot to install and maintain power quality meters in the substation metering circuits to provide for their power quality monitoring needs. The installation and maintenance of the Simplot power quality meters and any remote communication equipment for those meters is the sole responsibility of Simplot. Access to the station to service or maintain their equipment will be facilitated by Idaho Power with 48 hours notice.

SECTION 8 — PAYMENT OF BILLS/SETTLEMENTS

8.1. Billing Data. Simplot shall pay Idaho Power for all services and work provided under this Agreement. Invoices for payment for electric services shall be prepared and submitted to Simplot monthly. All invoices or bills shall contain such data as Idaho Power deems reasonably required to substantiate the billing, including without limitation, statements of the meter reading at the beginning and end of the billing period, meter constants, and consumption during the billing period.

8.2. Payment Procedure. Simplot shall pay all invoices hereunder within fifteen (15) days following Simplot's receipt of such invoice. Simplot shall make payment by electronic transfer of funds to a location designated by Idaho Power. Idaho Power will provide Simplot with current ABA routing numbers and other necessary instructions to facilitate the electronic transfer of funds. Late payment charges will be assessed in accordance with Idaho Power's then-current Rule G and Schedule 66.

SECTION 9 — ACCESS TO PREMISES

During the term of this Agreement, and for a reasonable period deemed necessary by Idaho Power following termination, Simplot hereby grants Idaho Power, without cost to Idaho Power, a perpetual easement (unless terminated in accordance with Section 3 herein) to access the Simplot Facility premises and other related areas at all times for the purposes of operating Idaho Power facilities, making installations, repairing and removing Idaho Power equipment, and for other purposes deemed necessary by Idaho Power to perform work under this Agreement. Idaho Power will make reasonable efforts to notify Simplot prior to accessing Simplot Facility premises, acknowledging however, that timeliness in accessing the equipment may be of high importance.

SECTION 10 — ASSIGNMENT

This Agreement shall be binding upon the heirs, legal, and personal representatives, successors, and assigns of the parties hereto. Simplot shall not assign any part of this Agreement without the express written consent of Idaho Power, which shall not be unreasonably withheld.

SECTION 11 — INDEMNIFICATION, LIMITATION OF LIABILITY, AND EXCLUSIVITY
OF WARRANTIES

11.1. If one of the Parties is negligent related to this Agreement ("Negligent Party") and that negligence causes liability, liens, suits, loss, damage, claims, actions, costs, and expenses of any nature (collectively "Damages"), the Negligent Party agrees to protect, defend, indemnify, and hold harmless the other party and its successors and their officers, directors, employees, affiliates, and agents, from, for, and against any and all Damages resulting from the negligence, whether actual or merely alleged, including court costs and attorney's fees. If both parties are negligent, they shall be responsible for resulting Damages in proportion to their negligence.

11.2. NEITHER PARTY NOR ITS AFFILIATES WILL BE LIABLE UNDER ANY THEORY OF RECOVERY, WHETHER BASED IN CONTRACT, TORT, WARRANTY, OR OTHERWISE, FOR: ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL LOSS OR DAMAGE; PUNITIVE DAMAGES; LOSS OF PROFITS OR REVENUE; LOSS OF USE OF MATERIAL OR EQUIPMENT; OR INCREASED COSTS OF CAPITAL OR FUEL COSTS; *PROVIDED, HOWEVER*, THAT NOTHING IN THIS PARAGRAPH 11.2 SHALL BE CONSTRUED TO LIMIT (A) SIMPLOT'S PAYMENT OBLIGATIONS TO IDAHO POWER OR (B) EITHER PARTY'S LIABILITY FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

11.3. EACH PARTY AGREES UNDER NO CIRCUMSTANCES SHALL THE TOTAL AGGREGATE LIABILITY OF THE OTHER PARTY UNDER THIS AGREEMENT EXCEED ONE HUNDRED FIFTY PERCENT (150%) OF THE TOTAL AMOUNT PAID BY SIMPLOT TO IDAHO POWER UNDER THIS AGREEMENT DURING THE TWELVE MONTHS IMMEDIATELY PRECEDING THE DATE OF BREACH. IF TWELVE MONTHS HAVE NOT PASSED SINCE THE DATE OF COMMISSION APPROVAL OF THIS AGREEMENT AT THE TIME OF THE BREACH, THE SUM OF (A) THE ACTUAL AMOUNTS PAID BY SIMPLOT TO IDAHO POWER UNDER THIS AGREEMENT FOR THE MONTHS THAT HAVE PASSED SINCE THE DATE OF COMMISSION APPROVAL AND (B) THE PROJECTED AMOUNTS TO BE PAID BY SIMPLOT TO IDAHO POWER UNDER THIS AGREEMENT (CALCULATED BASED ON THE AVERAGE AMOUNT PAID BY SIMPLOT UNDER THIS AGREEMENT DURING THE MONTHS THAT HAVE PASSED) FOR THE REMAINING NUMBER OF MONTHS NECESSARY TO REACH AN AGGREGATE OF TWELVE MONTHS, WILL BE USED IN THE CALCULATION IN THE PRECEDING SENTENCE. THE LIMITATION OF LIABILITY SET FORTH IN THIS PARAGRAPH 11.3 SHALL NOT LIMIT (A) SIMPLOT'S PAYMENT OBLIGATIONS TO IDAHO POWER UNDER THIS AGREEMENT, OR (B) EITHER PARTY'S LIABILITY FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

11.4. EXCEPT AS PROVIDED IN THIS AGREEMENT, IDAHO POWER MAKES NO WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION, THOSE OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE WORK AND SERVICES PROVIDED HEREUNDER.

SECTION 12 — MODIFICATIONS OF CONTRACT

This Agreement represents the entire understanding and agreement between the Parties with respect to the subject matter of this Agreement. The Parties may amend or modify this Agreement only by a written instrument executed by the Parties.

SECTION 13 — COMMISSION JURISDICTION

13.1. This Agreement and the respective rights and obligations of the Parties hereunder, shall be subject to (1) Idaho Power's General Rules and Regulations as now or hereafter in effect and on file with the Commission, and (2) to the jurisdiction and regulatory authority of the Commission and the laws of the State of Idaho.

13.2. Idaho Power and Simplot agree that the rates set forth in this Agreement and the then-current Schedule 32 are subject to the continuing jurisdiction of the Commission. Idaho Power and Simplot agree that the rates under this Agreement are subject to change and revision by order of the Commission upon a finding, supported by substantial competent evidence, that such rate change or revision is just, fair, reasonable, sufficient, non-preferential, and nondiscriminatory. It is the Parties' intention by such provision that the ratemaking standards to be used in making any revisions or changes in rates, and the judicial review of any revisions or changes in rates, will be the same standards that are applicable to Idaho Power intrastate tariff rates.

SECTION 14 — COMMISSION APPROVAL

This Agreement is subject to, and shall become effective upon, the approval by the Commission of all terms and provisions hereof without change or condition.

SECTION 15 — FORCE MAJEURE

As used in this Agreement, "Force Majeure" or "an event of Force Majeure" means any cause beyond the control of a Party which, despite the exercise of due diligence, such Party is unable to prevent or overcome. Force Majeure includes, but is not limited to, acts of God, fire, flood, storms, wars, hostilities, civil strife, strikes and other labor disturbances, earthquakes, fires, lightning, epidemics, sabotage, or changes in law or regulation occurring after the effective date, which, by the exercise of reasonable foresight such party could not reasonably have been expected to avoid and by the exercise of due diligence, it shall be unable to overcome. If either Party is rendered wholly or in part unable to perform its obligations under this Agreement because of an event of Force Majeure, both Parties shall be excused from whatever performance is affected by the event of Force Majeure that: (1) The non-performing Party shall, as soon as is reasonably possible after the occurrence of the event of Force Majeure, give the other Party written notice describing the particulars of the occurrence. (2) The suspension of performance shall be of no greater scope and of no longer duration than is required by the event of Force Majeure. (3) No obligations of either Party which arose before the occurrence causing the suspension of performance and

which could and should have been fully performed before such occurrence shall be excused as a result of such occurrence.

SECTION 16 – BREACH REMEDIES

If a Party materially breaches this Agreement, the non-breaching Party may provide Notice to the breaching Party. If the breaching Party does not cure the default within thirty (30) calendar days (ten (10) calendar days in the case of a breach of the payment terms herein) of such notice, the non-breaching Party shall have the right to terminate this Agreement and/or terminate service in accordance with the Commission's Utility Customer Relations Rules. Failure to pay in accordance with this Agreement shall constitute a material breach.

SECTION 17 - SURVIVAL

Any provisions of this Agreement that may be reasonably interpreted as surviving the completion and/or termination on of this Agreement shall survive such completion and/or termination.

SECTION 18 – MISCELLANEOUS

18.1. Whenever possible, each provision of this Agreement shall be interpreted so as to be effective and valid under applicable law. If any provision is adjudged to be invalid, the remaining provisions in this Agreement shall remain in force.

18.2. Waivers of any right, privilege, claim, obligation, or condition shall be in writing and signed by the waiving Party. No waiver by a Party of any breach of this Agreement shall be a waiver of any preceding or succeeding breach, and no waiver by a Party of any right under this Agreement shall be construed as a waiver of any other right.

18.3. In the event that legal action in court arises between the Parties relating to this Agreement, the prevailing Party shall be entitled to recover attorney's fees and costs incurred in prosecution or defense of the legal action (including without limitation any fees on appeal).

18.4. No persons or entities shall be or shall be deemed to be third-party beneficiaries of this Agreement.

18.5. Simplot shall comply with all applicable federal, state, and local laws, including without limitation, Idaho Power's tariff approved by the Commission.

18.6. Neither Party shall be deemed an agent, partner, joint venturer, or employee of the other Party.

[Signatures on following page.]

IDAHO POWER COMPANY

Gregory W. Said

By: Gregory W. Said, Vice President Regulatory Affairs

Date: April 8, 2015

J.R. SIMPLOT COMPANY

Michael Johnston

By: Michael Johnston, Vice President

Date: April 6, 2015

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-15-13**

IDAHO POWER COMPANY

**ATTACHMENT 2
TARIFF**

SCHEDULE 32
IDAHO POWER COMPANY
ELECTRIC SERVICE RATE
FOR
J. R. SIMPLOT COMPANY
CALDWELL, IDAHO

SPECIAL CONTRACT DATED APRIL 8, 2015

APPLICABILITY

Service under this schedule is applicable beginning the first day of the month in the first month that the aggregate power requirement at one or more Points of Delivery at the Simplot Facility located near or at 16551 Simplot Boulevard, Caldwell, Idaho, exceeds 20,000 kW.

SUMMER AND NON-SUMMER SEASONS

The summer season begins on June 1 of each year and ends on August 31 of each year. The non-summer season begins on September 1 of each year and ends on May 31 of each year.

MONTHLY CHARGE

The Monthly Charge is the sum of the following charges, and may also include charges as set forth in Schedule 55 (Power Cost Adjustment), Schedule 91 (Energy Efficiency Rider), and Schedule 95 (Adjustment for Municipal Franchise Fees).

	<u>Summer</u>	<u>Non-Summer</u>
<u>Contract Demand Charge</u> per kW of Contract Demand	\$1.77	\$1.77
<u>Demand Charge</u> per kW of Billing Demand but no less than the Contract Demand less 10,000 kW	\$14.74	\$8.57
<u>Daily Excess Demand Charge</u> per each kW over the Contract Demand	\$0.295	\$0.295
<u>Energy Charge</u> per kWh	\$0.030974	\$0.030391